Third of advertisers plan to cut EMEA budgets next year

The *Campaign UK* has reported that a third of advertisers plan to cut their Europe, Middle East, Africa (EMEA) media budgets in 2023.

Source: © Blue Ox Studio pexels A third of advertisers plan to cut their EMEA media budgets in 2023

Campaign UK quotes new research by the World Federation of Advertisers (WFA).

"The survey of major brands, carried out jointly by the WFA and media investment consultancy Ebiquity, found almost 33% will decrease their investment – worse than any other region."

Slight and significant reductions

The survey found that in EMEA, budget cuts are most likely to be "slightly" reduced (by up to 10%) according to 28% of respondents. A total of 5% said they would "significantly" reduce their investment (by more than 10%).

However, it says, 38% of respondents plan to maintain their EMEA budget at 2022 levels, while 30% will "slightly" increase theirs.

Budgets affected by the recession

It adds: "A total of 22% of respondents said media budgets in Latin America would be reduced, compared with 21% in North America and 15% in the Asia-Pacific region."

Overall, the poll of more than 40 brands worldwide – responsible for over $44bn in annual advertising spend – found 74% “agree” or “strongly agree” that their 2023 budgeting is affected by the recession.

Brands plan to cut offline media budgets (around 49% of respondents), but a similar proportion plan to increase their digital media budgets (42%).
Meanwhile, 40% indicated they will increase their share of flexible/biddable buys in 2023.

Among media channels, connected TV stands to see the biggest increase in investment (67% of respondents), followed by paid social (52%).
The survey found a greater emphasis on short-term marketing, with 28% saying they intend to boost their performance marketing, while 21% will be focused on increased brand spend in 2023.

SA advertising rebounds in 2021
Danette Breitenbach 13 Oct 2022

A risk to long-term brand health

Campaign UK quotes Stephan Loerke, chief executive of the WFA

“These WFA and Ebiquity survey results show that budgets are under pressure and there are signs of retrenchment into short-term performance channels at the expense of brand building.

“But it is encouraging to see that a number of clients are planning on standing firm and taking heed of the well-taught lessons from previous recessions, which show time and again that those who continue to invest or increase their ad spending emerge stronger from periods of economic uncertainty.”

Nick Waters, Ebiquity’s group chief executive, adds “As brands are required to achieve more with less in 2023 to optimise the value of their investments, it makes sense to review expenditure and cut ineffective and wasteful spend first.

“Sustaining investment is one thing, but there is a risk to long-term brand health by over-investing at the bottom of the purchase funnel. It is a natural instinct to want to see immediate results from media investment but the longer-term trade-off needs to be weighed carefully. It becomes more expensive to rebuild brand credentials once they have slipped.”